



LODI CITY COUNCIL

Carnegie Forum
305 West Pine Street, Lodi

"SHIRTSLEEVE" SESSION

Date: April 10, 2018

Time: 7:00 a.m.

For information regarding this Agenda please contact:

Jennifer M. Ferraiolo

City Clerk

Telephone: (209) 333-6702

Informal Informational Meeting

A. Roll Call by City Clerk

B. Topic(s)

B-1 Second Quarter Fiscal Year 2017/18 Water, Wastewater, and Electric Utility Department Financial Reports (CM)

C. Comments by Public on Non-Agenda Items

D. Adjournment

Pursuant to Section 54954.2(a) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day.

Jennifer M. Ferraiolo
City Clerk

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CITY OF LODI COUNCIL COMMUNICATION

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AGENDA TITLE: Second Quarter Fiscal Year 2017/18 Water, Wastewater and Electric Utility Department Financial Reports

MEETING DATE: April 10, 2018

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Receive utility financial reports for the second quarter of Fiscal Year 2017/18.

BACKGROUND INFORMATION: In accordance with the Lodi Municipal Code, quarterly financial reports are to be prepared for the Water, Wastewater, and Electric Utilities. Highlights of the operations and financial performance of each utility will be presented at the meeting of April 10, 2018.

FISCAL IMPACT: None directly related to the preparation of the report. However, the presentation is intended to keep the Council apprised of the financial conditions of the major municipal utilities.

FUNDING AVAILABLE: Not applicable.

Andrew Keys
Deputy City Manager/Internal Services Director

AK/LT

APPROVED: _____
Stephen Schwabauer, City Manager



Public Works Department Water/Wastewater

FY 18 Quarterly Update (Ending December 31, 2017)

City Council Shirtsleeve Session
April 10, 2018



Wastewater Fund Cash Flow Summary

(Ending December 31, 2017)

	Budget	Actuals	% of Budget
Revenue			
Sales	15,108,850	7,017,671	46%
Development Impact Mitigation Fees (wastewater & storm)	1,266,190	234,981	19%
Other (interest, septic, misc.)	2,575,140	155,357	6%
Total Revenues	18,950,180	7,408,009	39%
Expenses			
Operating	7,676,168	3,491,361	45%
Capital	6,346,226	595,341	9%
Debt Service	3,465,000	2,116,567	61%
Cost of Services Payment To General Fund	1,102,490	551,245	50%
Total Expenses	18,192,986	6,754,514	37%
Beginning Cash (Operations Only)		13,424,706	
Ending Cash (Operations Only)		15,050,323	
Days Cash (Excluding Capital)		450	
% of Target – 90 Days Cash on Hand		500%	



Wastewater Operating Results

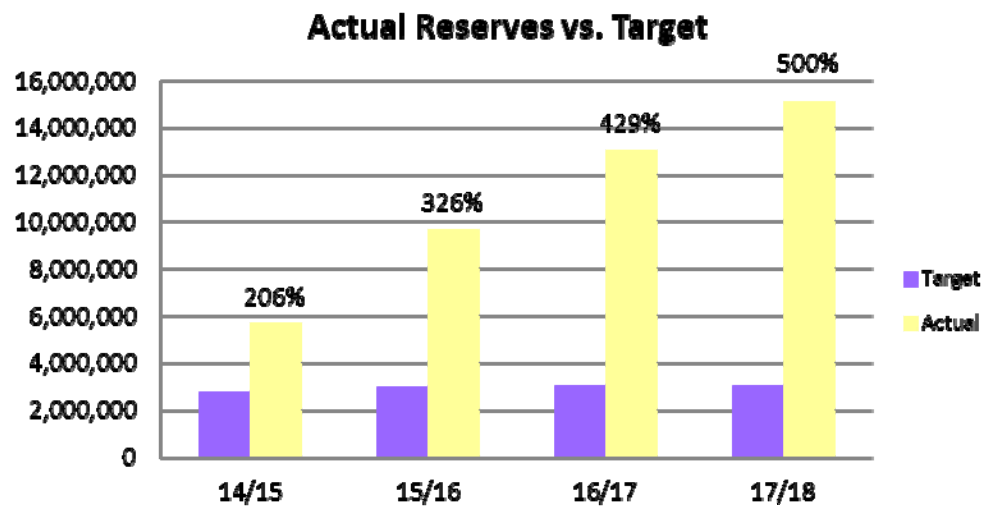
(Ending December 31, 2017)

	Budget	Actuals	% of Budget
Personnel	\$ 3,577,482	\$ 1,859,597	52%
Supplies, Materials, Services	\$ 2,524,538	\$ 864,380	34%
Equipment, Land, Structures	\$ 654,398	\$ 94,475	14%
Other Payments	\$ 231,160	\$ 301,202	130%
Utilities	\$ 686,090	\$ 371,707	54%
Work for Others	\$ 2,500	\$ -	0%
Total Operating Expenses	\$ 7,676,168	\$ 3,491,361	45%



Wastewater Funds Cash Balances (Ending December 31, 2017)

Operating (530)	15,050,323
Utility Capital / Infrastructure Replacement (531)	17,662
Capital Reserve (532) (Fund used to pay White Slough COP Debt Service)	(1,650,000)
Wastewater IMF (533)	1,008,216
Rate Stabilization Reserve (534)	500,000
Storm Drain IMF (535)	925,548
Total	15,851,749



*Amounts above
reserve target are
held for scheduled
capital maintenance*



Wastewater Planned Capital Projects

	FY 17-18	FY 18-19	FY 19-20	FY 20-21
Villa Fiore Reimbursement		930,000		
Lockeford Street Imprv.	100,000			
MSC Security Improvements		35,000		
Misc. System Relocations		35,000	35,000	35,000
Misc. Wastewater Taps		40,000	40,000	40,000
Collection System Capacity Enhancement Projects		20,000	200,000	
Main Replacement Project #7	200,000	2,000,000		
Northeast Sewer Lift Pipe Repl.		60,000		
Vinewood Storm Water Pump Rehab		100,000		
Vehicles /Equipment	450,000	135,000	150,000	150,000
Upgrade Blowers		750,000		
Irrigation Improvements	1,200,000		700,000	
Digester #4 Cleaning			220,000	
Field #5 Catwalk Repair	40,000			
Lagoon Cleaning			300,000	
Pump & Equipment Upgrades	175,000	345,000		
Corrosion Repairs	250,000			
Electrical/Screen/SCADA Design	660,000			
Electrical Upgrades/SCADA Construction		1,200,000	7,024,000	3,653,000
White Slough Recycled Water Storage	300,000	4,000,000		
Field #5 Road Repair		150,000		
Miscellaneous Future Projects			100,000	100,000
Totals	\$3,375,000	\$9,800,000	\$8,769,000	\$3,978,000



Water Fund Cash Flow Summary

(Ending December 31, 2017)

	Budget	Actuals	% of Budget
Revenue			
Sales	13,136,300	6,974,917	53%
Development Impact Mitigation Fees	520,690	167,309	32%
Other (interest, tap fees, water meters, misc.)	1,065,530	31,890	3%
Total Revenues	14,722,520	7,174,116	49%
Expenses			
Operating	6,826,960	3,307,711	48%
Capital	11,185,415	2,643,406	24%
Debt Service	2,967,660	846,250	29%
Cost of Services Payment To General Fund	814,490	407,245	50%
Total Expenses	21,794,525	7,204,612	33%
Beginning Cash (Operations Only)		5,153,806	
Ending Cash (Operations Only)		3,045,968	
Days Cash (Excluding Capital)		123	
% of Target – 90 Days Cash on Hand		137%	



Water Operating Results

(Ending December 31, 2017)

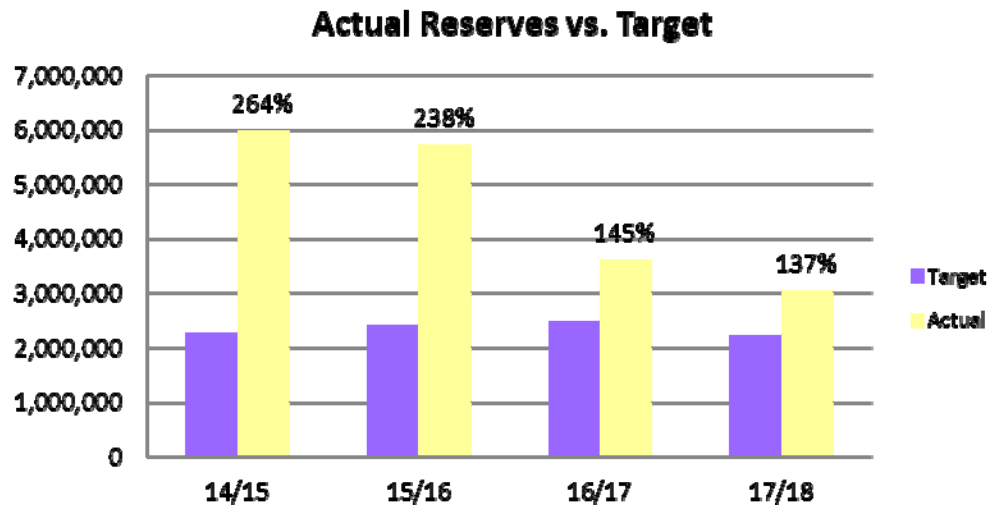
	Budget	Actuals	% of Budget
Personnel	\$ 2,865,815	\$ 1,505,137	53%
Supplies, Materials, Services	\$ 1,644,295	\$ 420,212	26%
Equipment, Land, Structures	\$ 110,000	\$ -	0%
Other Payments	\$ 1,543,100	\$ 1,088,891	71%
Utilities	\$ 563,750	\$ 293,471	52%
Work for Others	\$ 100,000	\$ -	0%
Total Operating Expenses	\$ 6,826,960	\$ 3,307,711	48%



Water Funds Cash Balances

(Ending December 31, 2017)

Operating (560)	3,045,968
Utility Capital / Infrastructure Replacement (561)	(49,028)
IMF (562)	873,240
PCE/TCE Settlements	9,604,740
PCE/TCE Rates (565)	4,058,966
Total	17,533,886



*Amounts above
reserve target are
held for scheduled
capital maintenance*



Water Planned Capital Projects

	FY 17-18	FY 18-19	FY 19-20	FY 20-21
Water Meter Program	3,215,000	3,630,000	2,421,000	
Lockeford Street Imprv.	400,000			
Water Taps		75,000	75,000	75,000
Misc. Water Mains		50,000	50,000	50,000
GAC Replacement		300,000	300,000	
Meter Shop Design	25,000	200,000		
Southwest Gateway Water Tank			1,800,000	
Water Plant Generator			300,000	
MSC Security Improvements		35,000		
Well 7 Pump Rehab		175,000		
Well 14 Pump Rehab			171,000	
Well 15 Pump Rehab			180,000	
Well 16 Pump Rehab				212,000
Well 17 Pump Rehab				196,000
Well 23 Pump Modifications		70,000		
Well 24 Rehab	165,000			
Vehicles/Equipment		120,000	41,000	42,000
Totals	3,805,000	4,655,000	5,338,000	575,000



Water / Wastewater Utility Activities

Operational

- Water Distribution
- Water Production
- Collection System
- Wastewater Treatment

Regulatory

- SSO's
- Discharge Violations
- Monitoring and Reporting



Electric Utility Department

FY 18 Quarterly Update (Ending December 31, 2017)

City Council Shirtsleeve Session
April 10, 2018



Electric Utility Fund Cash Flow Summary (Ending December 31, 2017)

	Budget	Actuals	% of Budget
Revenue			
Sales Revenues	69,828,170	38,596,008	55%
Development Impact Fees	143,470	60,328	42%
Other Revenues (interest, misc)	4,024,990	2,172,795	54%
Total Revenues	73,996,630	40,829,131	55%
Expenses			
Purchase Power*	41,822,160	20,840,679	50%
Non Power	14,557,637	5,377,933	37%
Capital Projects	3,923,135	566,996	14%
Debt Service	5,538,340	220,885	4%
Cost of Service/Capital Xfer	2,388,490	1,194,245	50%
In-lieu Transfer to General Fund	7,158,850	3,579,425	50%
Total Expenses	75,388,612	31,780,163	42%

Beginning Cash Balance (6/30/17)		22,713,089
Ending Cash Balance (12/31/17)		31,403,259
Reserve Policy Target		23,301,000
% of Target		135%

*Includes delayed postings to the General Ledger



Electric Utility Funds Cash Balances (Ending December 31, 2017)

Operating Funds*	\$ 19,593,084
Utility Outlay Reserve Fund	\$ 625,000
Public Benefits Fund	\$ 2,425,020
Impact Fee Fund	\$ 1,059,904
Solar Surcharge Fund	\$ 456,303
Greenhouse Gas Fund	\$ 7,243,948
Total	\$ 31,403,259

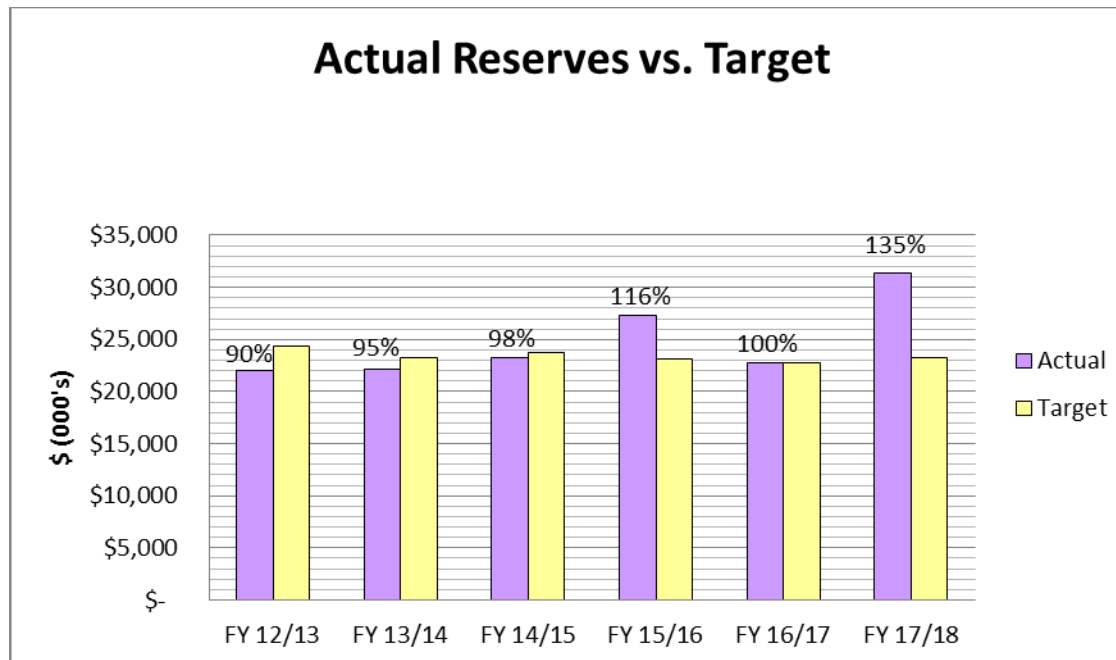
*Includes funds held locally and at NCPA



Electric Utility Reserve Policy (December 31, 2017)

Purpose	Target	Actual*
Operating Reserves	\$ 22,301,000	\$ 30,778,259
Capital Reserve	\$ 1,000,000	\$ 625,000
Total Target	\$ 23,301,000	\$ 31,403,259

*Includes cash held locally and at NCPA



Cash balances support City Council approved reserve requirements and provide funds for pay as you go Capital Improvement Projects.



Capital Improvement Project 5-Year Spending Plan

Project	FY 17-18**	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Distribution Capacity Program	\$700,000	\$960,000	\$250,000	\$250,000	\$250,000
Underground Maintenance*	\$1,100,000	\$1,200,000	\$700,000	\$700,000	\$700,000
Streetlight Maintenance / Repair	\$180,000	\$90,000	\$90,000	\$90,000	\$90,000
LED Streetlight Improvements	\$90,000	\$90,000	\$91,000	\$91,000	\$91,000
230 kV Interconnection Project	\$60,000	\$60,000	\$0	\$0	\$0
Overhead Maintenance**	\$542,623	\$100,000	\$275,000	\$275,000	\$275,000
Substation Maint / Improvements	\$200,000	\$525,000	\$200,000	\$500,000	\$1,350,000
Building & Security Improvements**	\$497,492	\$1,035,000	\$250,000	\$250,000	\$0
Meter Data Management System	\$300,000	\$0	\$850,000	\$850,000	\$0
Vehicles & Equipment**	\$253,020	\$179,000	\$350,000	\$250,000	\$315,000
Total Projects	\$3,923,135	\$4,239,000	\$3,056,000	\$3,256,000	\$3,071,000

*Includes work for others.

**Includes previous year rollover.



Power Sales (Ending December 31, 2017)

Power Sales (kWh)		
Customer Class	Budget	Actual
Residential	151,255,540	90,474,666
Small Commercial	160,043,844	84,567,749
Large Commercial/Small Industrial	49,188,321	24,356,250
Industrial	71,906,433	37,005,725
Total	432,394,138	236,404,390

Revenue (\$)			
Customer Class	Budget	Actual	Average Rate
Residential	\$ 27,937,783	\$ 15,683,257	\$ 0.1733
Small Commercial	\$ 27,302,858	\$ 14,587,502	\$ 0.1725
Large Commercial/Small Industrial	\$ 6,939,313	\$ 3,839,345	\$ 0.1576
Industrial	\$ 7,648,216	\$ 4,485,904	\$ 0.1212
Total	\$ 69,828,170	\$ 38,596,008	\$ 0.1633



ECA Revenue

(Ending December 31, 2017)

Customer Class	Total (\$)
Residential	\$ 203,242
Small Commercial	\$ 400,874
Large Commercial / Small Industrial	\$ 137,806
Industrial	\$ 248,476
Total Revenue	\$ 990,398



Electric Utility Fund Operating Results (Ending December 31, 2017)

	FY18 Budget	FY18 Actual	% of Budget
Personnel	\$ 8,906,935	\$ 4,236,877	48%
Supplies, Materials, Services	\$ 3,836,042	\$ 712,237	19%
Other Payments	\$ 1,730,760	\$ 401,890	23%
Utilities	\$ 83,900	\$ 26,929	32%
Total Operating Expenses	\$ 14,557,637	\$ 5,377,933	37%



Power Supply Costs

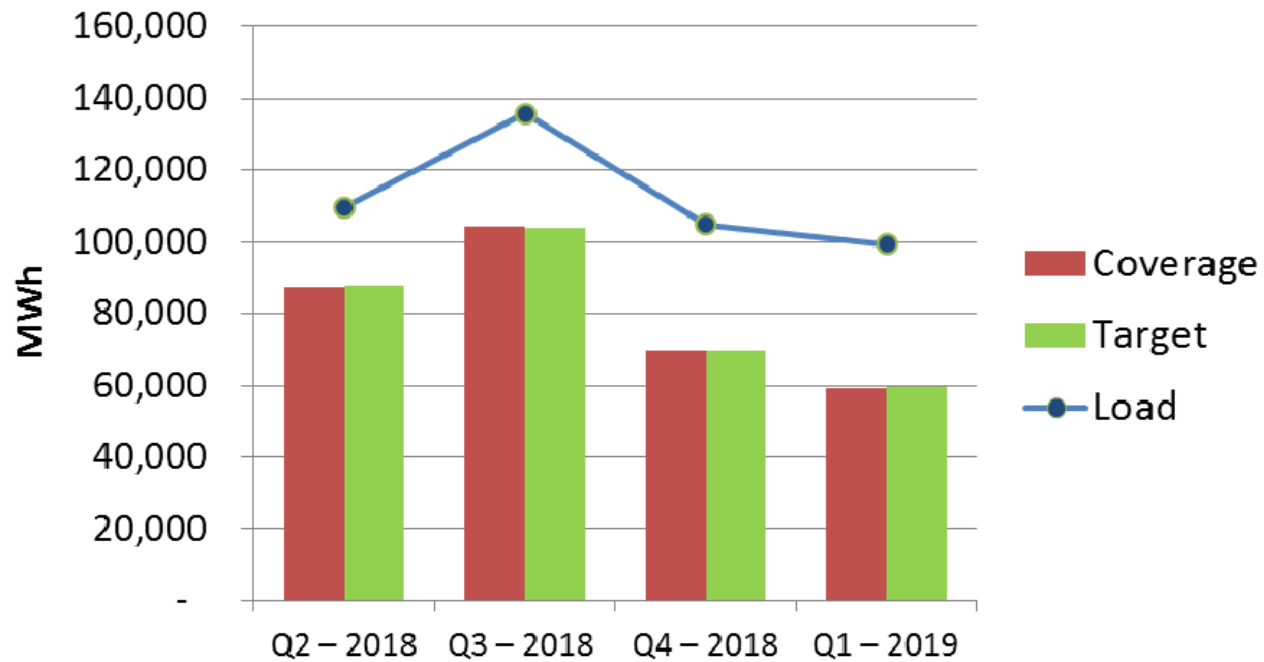
(Ending December 31, 2017)

	Budgeted	Year to Date	% of Budget
Generation	\$ 29,919,900	\$ 15,116,689	51%
Transmission	\$ 10,503,530	\$ 4,995,424	48%
Management Services	\$ 1,398,730	\$ 728,566	52%
Total Power Supply Costs	\$ 41,822,160	\$ 20,840,679	50%



Load Coverage

	MWh Load	ROC Matrix Target	Load Coverage (Including Purchases)
Q2 – 2018	109,621	80.0%	79.8%
Q3 – 2018	135,758	77.0%	76.8%
Q4 – 2018	104,752	67.0%	66.5%
Q1 – 2019	99,306	60.0%	59.8%



Includes energy purchases through 3/31/18 as approved by Risk Oversight Committee



City Council Strategic Areas of Focus

- Customer
- Technology
- Financial
- Reliability
- Workforce